

STATE OF CALIFORNIA  
**DEPARTMENT OF INSURANCE**

45 Fremont Street, 21st Floor  
San Francisco, California 94105

**RH 2022520**

**INITIAL STATEMENT OF REASONS**

In a public hearing on September 20, 2002 at 9:30 A.M., the insurance commissioner will consider (1) the approval of pure premium rates developed by the designated rating organization; (2) amendments to the California Workers' Compensation Uniform Statistical Reporting Plan-1995, Title 10, CCR, §2318.6; amendments to the Miscellaneous Regulations for the Recording and Reporting of Data, Title 10, CCR, §2354; and (3) amendments to the California Workers' Compensation Experience Rating Plan-1995, Title 10, CCR, §2353.1. The hearing will be held in response to a filing by the Workers' Compensation Insurance Rating Bureau of California ("WCIRB") submitted on July 31, 2002.

Pursuant to Insurance Code Sections 11734 and 11751.5, the insurance commissioner has designated the WCIRB as his rating organization and statistical agent. As the designated rating organization and statistical agent, the WCIRB has developed and submitted for insurance commissioner approval pure premium rates and revisions to the California Workers' Compensation Uniform Statistical Reporting Plan-1995, the Miscellaneous Regulations for the Recording and Reporting of Data, and the California Workers' Compensation Experience Rating Plan-1995. The pure premium rates will be advisory only; however, adherence to the regulations contained in the California Workers' Compensation Uniform Statistical Reporting Plan-1995, the Miscellaneous Regulations for the Recording and Reporting of Data, and the California Workers' Compensation Experience Rating Plan-1995 is mandatory. With regard to the standard classification system developed by the WCIRB and approved by the insurance commissioner, Insurance Code Section 11734 provides that an insurer may develop its own classification system if it is filed with the insurance commissioner 30 days prior to its use and is not disapproved by the insurance commissioner for failure to demonstrate that the data produced by the insurer's classification system can be reported consistently with the California Workers' Compensation Uniform Statistical Plan-1995 or the classification system developed by the WCIRB and approved by the insurance commissioner.

The insurance commissioner also has instructed the WCIRB to file and submit advisory rating plans for review. The WCIRB is submitting amendments to the United States Longshore and Harbor Workers' Compensation Insurance Supplement to the California Workers' Compensation Uniform Statistical Reporting Plan-1995.

The pure premium rates recommended by the WCIRB to be effective January 1, 2003, as well as proposed revisions to the regulations to be effective January 1, 2003, are set forth in its filing letter and are summarized below:

## **APPROVE PURE PREMIUM RATES**

Pursuant to California Insurance Code Section 11750.3, the WCIRB has proposed advisory pure premium rates for approval by the insurance commissioner applicable to (a) new and renewal policies with anniversary rating dates on or after January 1, 2003, (b) the unexpired portion of outstanding policies with anniversary rating dates on or after January 1, 2002 and before July 1, 2002, as of January 1, 2003, and (c) the unexpired portion of outstanding policies with anniversary rating dates on or after July 1, 2002 and before January 1, 2003, as of January 1, 2003. The proposed advisory pure premium rates for new and renewal policies with anniversary rating dates on or after January 1, 2002 are, on average, 11.9% greater than the July 1, 2002 advisory pure premium rates approved by the insurance commissioner. The advisory pure premium rates applicable to the unexpired portion of outstanding policies with anniversary rating dates on or after January 1, 2002 and before July 1, 2002, as of January 1, 2003, are 5.9% greater than the January 1, 2002 advisory pure premium rates approved by the insurance commissioner. The advisory pure premium rates applicable to the unexpired portion of outstanding policies with anniversary rating dates on or after July 1, 2002 and before January 1, 2003, as of January 1, 2003, are 5.9% greater than the July 1, 2002 advisory pure premium rates approved by the insurance commissioner.

## **AMEND THE CALIFORNIA WORKERS' COMPENSATION UNIFORM STATISTICAL REPORTING PLAN –1995**

The WCIRB recommends amending the California Workers' Compensation Uniform Statistical Reporting Plan–1995 (USRP). Except as noted below, these changes are proposed to become effective January 1, 2003 with respect to new and renewal policies with anniversary rating dates on or after January 1, 2003. The changes to Part 4, "Unit Statistical Report Filings," are proposed to be applicable to all unit statistical reports with a date of valuation, and all correction reports filed, on or after July 1, 2003.

### **Part 1, "General Provisions"**

The WCIRB recommends that:

1. Part 1, "General Provisions," Section I, "Introduction," Rule 1, "Purpose," be amended for clarity.
2. Part 1, "General Provisions," Section I, "Introduction," Rule 3, "Effective Date," be amended to facilitate the electronic publication of USRP changes and to show that the effective date of the amended California Workers' Compensation Uniform Statistical Reporting Plan–1995 is 12:01 A.M., January 1, 2003.
3. Part 1, "General Provisions," Section II, "General Definitions," be amended (1) to add new definitions for clarity; (2) to delete definitions for terms that are no longer used in the USRP because of proposed revisions or that are more appropriately defined elsewhere in the USRP; and (3) for overall clarity.

4. Part 1, “General Provisions,” Section III, “Submission of Information,” be added so that all administrative sections of the USRP are located in Part 1. This language was moved from its original location in Part 5, “General Administrative Procedures,” Section I, “Reporting of Information,” in its entirety, with some amendments for clarity and organization, and to facilitate the electronic submission of information to the WCIRB.
5. Part 1, “General Provisions,” Section IV, “Corrections or Amendments,” be added so that all administrative sections of the USRP are located in Part 1. This language was moved from its original location in Part 5, “General Administrative Procedures,” Section II, “Corrections or Amendments,” in its entirety, with some amendments for organization, clarity and consistency.
6. Part 1, “General Provisions,” Section V, “Inquiries, Complaints and Requests for Action, Reconsideration and Appeals,” be added so that all administrative sections of the USRP are located in Part 1. For organizational purposes, this language was moved from its original location in Part 5, “General Administrative Procedures,” Section IV, “Inquiries, Complaints and Requests for Action, Reconsideration, and Appeals,” in its entirety, with some amendments for organization, clarity and consistency.

## **Part 2, “Policy Filing Requirements”**

The WCIRB recommends that:

1. Part 2, “Policy Filing Requirements,” be amended to change the title to “Policy Document Filing Requirements,” and to indicate that these are instructions for filing all “Policy Documents,” including policies, endorsements, cancellations and reinstatements.
2. Part 2, “Policy Filing Requirements,” Section I, “Introduction,” be amended (1) to change the title of Section I to “General Instructions” for organizational purposes; (2) to amend the rule to clarify the definition of “Policy Documents,” for which filing instructions are being provided; and (3) for clarity.
3. Part 2, “Policy Filing Requirements,” Section II, “Policy Document Filing Requirements,” be amended to delete the title and section number of Section II for organizational purposes.
4. Part 2, “Policy Filing Requirements,” Section II, “Policy Document Filing Requirements,” Rule 1, “Policy,” be amended (1) to change the title of Rule 1 to “Policies” for organizational purposes; (2) to add additional data elements to clarify the policy information that insurers are required to report to the WCIRB for new and renewal policies; (3) to specifically indicate how to report policy numbers; (4) to reference the “Additional Interests” Rule with regard to insuring two or more legal entities on a single policy; (5) to indicate that an experience modification should not be reported unless promulgated by the WCIRB or the experience modification specifically

states that it is a tentative experience modification; (6) to add Subrules a., b., c., and d., which had previously been located in the Rulings and Interpretations Supplement, to indicate how to report all types of “policies,” including new and renewal policies, annual rating endorsements, renewal certificates/renewal agreements and rewrites, respectively; and (7) for clarity. These amendments do not change current procedures.

5. Part 2, “Policy Filing Requirements,” Section II, “Policy Document Filing Requirements,” Rule 2, “Binders,” be moved to new Part 2, Section I, Rule 1, “Policies,” Subrule e., “Binders,” for organizational purposes.
6. Part 2, “Policy Filing Requirements,” Section II, “Policy Document Filing Requirements,” Rule 3, “Endorsements,” be amended to (1) renumber it to Rule 2; (2) reorganize and amend it for clarity; and (3) include information on how to file endorsements that are endorsed onto the policy after issuance. These amendments do not change current procedures.
7. Part 2, “Policy Filing Requirements,” Section II, “Policy Document Filing Requirements,” Rule 4, “Cancellations or Reinstatements,” be amended to (1) renumber it to Rule 3; and (2) indicate all of the requirements for filing cancellations or reinstatements with the WCIRB that had previously been located in the Rulings and Interpretations Supplement to the USRP. These amendments do not change current procedures.
8. Part 2, “Policy Filing Requirements,” Section III, “Policy Period,” be amended to (1) renumber it to Section II; and (2) reorganize and edit it for clarity.

### **Part 3, “Standard Classification System”**

The WCIRB recommends that:

1. Part 3, “Standard Classification System,” Section II, “Classification Terminology,” be added for uniformity and organizational purposes. This section, with editorial changes, was moved from Part 3, Section V, to new Section II, with the exception of the definition of N.P.D. The definition of N.P.D. was eliminated in order to simplify the application of classification phraseologies that contain “No Payroll Division” (N.P.D.) restrictions. The N.P.D. restricted classifications will no longer be identified by the term “N.P.D.” in their phraseologies, as their phraseologies will instead incorporate the rule as it applies to the particular classification.
2. The definitions for “Assembly or Assembling,” and “Manufacturing or Mfg.,” be added to Part 3, “Standard Classification System,” new Section II, “Classification Terminology.” These definitions reflect the historical use of these terms.
3. The terms “Clerical Office Employee(s),” “General Exclusions,” “General Inclusions,” “Governing Classification,” “Miscellaneous Employee(s),” “Multiple Enterprises,” “Outside Salespersons,” “Payroll(s),” “Remuneration,” “Salespersons—Outside,”

“Single Enterprise,” “Standard Exception(s),” and “Standard Exception Employees,” be added to Part 3, “Standard Classification System,” new Section II, “Classification Terminology,” so that these terms are introduced before they are discussed within Part 3.

4. The definition for “Division of Payroll” be added to Part 3, “Standard Classification System,” new Section II, “Classification Terminology,” to provide direction regarding how “division of payroll” should be defined in relation to classification assignments. This definition reflects the historical use of the term.
5. The definition for “Highest Rated Classification” be added to Part 3, “Standard Classification System,” new Section II, “Classification Terminology.” This definition was moved from Part 1, Section II, “Definitions,” because it is only used in Part 3.
6. The definition for “Interchange of Labor” be added to Part 3, “Standard Classification System,” new Section II, “Classification Terminology,” to provide direction regarding how “interchange of labor” should be defined in relation to classification assignments. This definition reflects the historical use of the term.
7. The definition for “Location” be added to Part 3, “Standard Classification System,” new Section II, “Classification Terminology,” to provide direction regarding how “location” should be defined in relation to classification assignments. This definition reflects the historical use of the term.
8. The definition for “Physical Separation or Physically Separated” be added to Part 3, “Standard Classification System,” new Section II, “Classification Terminology,” to provide direction regarding how “physical separation” should be defined in relation to classification assignments. This definition reflects the historical use of the term.
9. The definition for “Shall Be Separately Classified,” in Part 3, “Standard Classification System,” new Section II, “Classification Terminology,” be amended for clarity and to direct that, unless otherwise required by the classification, physical separation is not required when a classification contains a directional phrase specifying that certain operations or employees shall be separately classified. This amendment reflects historical classification procedure.
10. Part 3, “Standard Classification System,” Section II, “General Classification Procedures,” be amended to renumber the section to Section III for organizational purposes.
11. Part 3, “Standard Classification System,” Section II, “General Classification Procedures,” Rule 1, “Classification Description,” be amended for clarity and to add (1) analytical factors utilized in assigning operations by analogy; (2) the method of classifying assembly classifications by analogy to manufacturing classifications; and (3) an example to promote a proper understanding and consistent application of the rules. These changes are consistent with historical classification procedures.

12. Part 3, “Standard Classification System,” Section II, “General Classification Procedures,” Rule 2, “Single Enterprise,” be amended for clarity and to include an example to promote a proper understanding and consistent application of the Single Enterprise Rule.
13. Part 3, “Standard Classification System,” Section II, “General Classification Procedures,” Rule 3, “Multiple Enterprises,” be amended to (1) include examples to promote a proper understanding and consistent application of the Multiple Enterprises Rule; (2) delete the definition for “Governing Classification,” which was moved to new Section II, “Classification Terminology”; and (3) provide clarity and organization.
14. Part 3, “Standard Classification System,” Section II, “General Classification Procedures,” Rule 4, “Standard Exceptions,” be amended to (1) clarify that if a standard classification specifically includes clerical office employees or outside salespersons, such employees shall be assigned to the standard classification, regardless of whether the work is conducted at the same or at a separate location; (2) amend the description of Clerical Office Employees to clarify that supervisors whose work is necessary, incidental, or appurtenant to any operations of the business, other than clerical office, shall not be considered clerical office employees; (3) amend the description of Salespersons–Outside to include public relations work; and (4) provide clarity and organization. These changes are consistent with historical classification procedures.
15. Part 3, “Standard Classification System,” Section II, “General Classification Procedures,” Rule 5, “General Inclusions,” be amended for clarity.
16. Part 3, “Standard Classification System,” Section II, “General Classification Procedures,” Rule 6, “General Exclusions,” be amended for clarity.
17. Part 3, “Standard Classification System,” Section III, “Special Industry Classification Procedures,” be amended to renumber the section to Section IV for organizational purposes.
18. Part 3, “Standard Classification System,” Section III, “Special Industry Classification Procedures,” Rule 1(a), “Members of the Flying Crew,” be amended for clarity and organizational purposes and to include direction on how to treat employees who are not members of the flying crew. The new language is not intended to revise the current classification of these employees, but to reflect historical interpretation.
19. Part 3, “Standard Classification System,” Section III, “Special Industry Classification Procedures,” Rule 1(b), “Members of the Flying Crew–Assignment of Payroll,” be amended for clarity and organizational purposes.
20. Part 3, “Standard Classification System,” Section III, “Special Industry Classification Procedures,” Rule 2, “Construction or Erection Work,” be amended to (1) include a reference to Appendix II, which lists the construction-related classifications subject to this rule; (2) change the reference from a “specific or general N.P.D. qualification” to “classification phraseology or footnotes” due to the fact that the term “N.P.D.” has

been eliminated in order to simplify the application of classification phraseologies that contain “No Payroll Division” (N.P.D.) restrictions; and (3) provide clarity.

21. Part 3, “Standard Classification System,” Section III, “Special Industry Classification Procedures,” Rule 2, “Construction or Erection Work,” Subrule (a), “Determination of Dual Wage Construction or Erection Classification,” be amended to (1) explain what type of documentation and records are required for application of the dual wage construction or erection classifications; (2) clarify the method of determining the dual wage construction or erection classifications in those instances where the employee is regularly paid on a commission basis, or where the employee’s pay regularly includes forms of payment such as commissions, bonuses, and incentives, in addition to a regular or guaranteed rate of pay; (3) clarify the method by which regular hourly wages are determined for this rule when the number of hours worked or number of days worked is not documented; and (4) provide clarity and organization. These changes are consistent with current practice.
22. Part 3, “Standard Classification System,” Section III, “Special Industry Classification Procedures,” Rule 2, “Construction or Erection Work,” Subrule (c), “Miscellaneous Employees (Construction or Erection),” be amended to include examples of “miscellaneous employees” in construction or erection operations so as to provide clarity and promote consistent classification procedure, and for overall clarity and organization.
23. Part 3, “Standard Classification System,” Section III, “Special Industry Classification Procedures,” Rule 3, “Farms,” Subrule (a), “Definition,” be amended for organizational purposes and to clarify that, for classification purposes, a farm does not include the operation or maintenance of non-commercial residential or recreational properties that feature growing and/or raising of crops or farm animals for non-commercial purposes. This amendment reflects historical classification procedure.
24. Part 3, “Standard Classification System,” Section III, “Special Industry Classification Procedures,” Rule 3, “Farms,” Subrule (b), “Payroll Division,” be amended for organizational purposes and to clarify that payroll may be divided based upon acreage, an employee’s time, or other reasonable methods. This amendment reflects historical classification procedure.
25. Part 3, “Standard Classification System,” Section III, “Special Industry Classification Procedures,” Rule 3, “Farms,” Subrule (c), “Payroll Inclusions,” be amended for clarity and organizational purposes.
26. Part 3, “Standard Classification System,” Section III, “Special Industry Classification Procedures,” Rule 3, “Farms,” Subrule (d), “Payroll Exclusions (Farms),” be amended for clarity, organizational purposes, and to include “pre-cooling” as one of the methods for preparing vegetables, the payroll for which should be segregated and separately assigned. This amendment is consistent with current classification procedure.

27. Part 3, “Standard Classification System,” Section III, “Special Industry Classification Procedures,” Rule 4, “Mining,” be amended for clarity and organizational purposes and to change Subrule (e) so that it is consistent with Subrule (b), “Supervision Employees,” by noting that the classification assignment for a shop will depend on the type of mine. This amendment reflects historical classification procedure.
28. Part 3, “Standard Classification System,” Section III, “Special Industry Classification Procedures,” Rule 5, “Stores,” be amended for clarity and organizational purposes and to include examples to promote a proper understanding and consistent application of this rule.
29. Part 3, “Standard Classification System,” Section III, “Special Industry Classification Procedures,” Rule 6, “Wrecking or Demolition and Building Raising or Moving,” be amended for clarity and organizational purposes.
30. Part 3, “Standard Classification System,” Section III, “Special Industry Classification Procedures,” be amended to add Rule 7, “Temporary Labor Service Contractors,” with examples, to indicate the classification procedures for temporary labor service contractors. This amendment reflects historical classification procedures.
31. Part 3, “Standard Classification System,” Section IV, “Payroll–Remuneration,” be amended to (1) renumber this section to Section V; (2) include a footnote reference to Appendix III, a table identifying whether various types of compensation is considered payroll for statistical reporting purposes; (3) include in subrule c., “Overtime Remuneration,” the method for excluding, for statistical reporting purposes, overtime payments made to employees that are compensated in whole or in part on a piece rate or commission basis; (4) adjust the minimum and maximum payroll limitations for executive officers, partners, individual employers, and members of a limited liability company, found in subrules (j), (k), (l), and (m), respectively, to reflect the increase in wage levels that has occurred since the minimum and maximum payroll limitations previously were amended January 1, 2002; (5) add Rule 1(o), “Welfare Funds,” to indicate how to report wages and fringe benefits paid pursuant to prevailing wage laws; and (6) provide clarity and organization. These amendments reflect historical classification procedure.
32. Part 3, “Standard Classification System,” be amended to add Section VI, “Administration of Classification System.” This section was moved, with some non-substantive editorial changes, from Part 5, Section III, “Administration of Classification System,” of the USRP to consolidate all of the information having to do with classification and test audit under Part 3 of the USRP. Additional information was added to include (1) a point of contact for customers that may have questions concerning the WCIRB’s inspection program; (2) instruction that insurers failing to obtain audited payroll must comply with the rules for reporting unaudited exposure on unit statistical reports found in Part 4 of the Plan; and (3) information from Insurance Code Section 11750.3(f), explaining the purpose of test audits, and to change the word “shall” to “may” in new Rule 5(a), with regard to the examinations the WCIRB may perform on a test audit.



33. Part 3, "Standard Classification System," be amended to delete Section V, "Classification Terminology." The classification terminology in this section was moved to Part 3, new Section II.
34. Part 3, "Standard Classification System," be amended to add Section VII, "Standard Classifications." The existing alphabetical listing of standard classifications has been incorporated into Part 3 (under Section VII, Rule 2) in order to consolidate all of the information having to do with classification and test audit under Part 3 of the USRP. Rule 1 of Section VII, "Classification Section," was added to explain the listing of classifications, i.e., that some classifications are grouped by industries, and that each classification may be made up of phraseology, footnotes, code number and suffix. In order to alert users to the existence of related classifications, new industry groupings have been created for Health and Human Services; the Printing, Publishing and Duplicating Industry; and Property Management/Operation. Cross-references to these industry groupings have been established under the alphabetical listings of the classifications. In addition, reference to Appendix II, "Construction and Erection Classifications," was added to indicate that this Appendix lists the classifications for this industry grouping. Nonsubstantive editorial changes were made to Section VII for clarity and organization.
35. The following "No Payroll Division" (N.P.D.) restricted standard classifications be amended to eliminate reference to the term "N.P.D." in their phraseologies and to, instead, incorporate the rule into their phraseologies in order to clarify the application of the phraseologies:

Classification 4511, "Analytical or Testing Laboratories"

Classification 8820, "Attorneys"

Classification 8803, "Auditors, Accountants, Factory Cost or Office Systematizers"

Classification 2797(2), "Automobile Body Mfg."

Classification 9522(3), "Automobile Body Upholstering"

Classification 8324, "Automobile Gasoline Stations"

Classification 3828, "Automobile or Automobile Truck Parts Rebuilding"

Classification 8389, "Automobile or Automobile Truck Repair Shops or Garages"

Classification 8387, "Automobile or Automobile Truck Service Stations"

Classification 8392, "Automobile or Automobile Truck Storage Garages or Parking Stations or Lots"

Classification 8397, "Automobile or Automobile Truck Transmission Repairing and Rebuilding"

Classification 7392, "Beer or Ale Dealers"

Classification 9092(2), "Billiard Halls"

Classification 4512, "Biomedical Research Laboratories"

Classification 3110(3), "Blacksmithing"

Classification 5146(1), "Cabinet or Fixtures"

Classification 2584, "Carpet, Rug or Upholstery Cleaning"  
Classification 8859, "Computer Programming or Software Development"  
Classification 5213, "Concrete Construction"  
Classification 5212, "Concrete Pumping"  
Classification 0400(1), "Cotton Merchants"  
Classification 9059, "Day Care Centers"  
Classification 5107, "Door, Door Frame or Pre-Glazed Window Installation"  
Classification 6204, "Drilling–N.O.C."  
Classification 3179, "Electrical Apparatus Mfg.–N.O.C."  
Classification 3568, "Electrical Connector Mfg."  
Classification 3178, "Electronic Element Mfg.–N.O.C."  
Classification 3573, "Power Supply Mfg."  
Classification 3577, "Printed Circuit Board Assembling"  
Classification 4354, "Printed Circuit Board Mfg."  
Classification 3372(1), "Electroplating"  
Classification 8601(1), "Engineers"  
Classification 3131(2), "Engraving"  
Classification 4251, "Envelope Mfg."  
Classification 2881(1), "Furniture Assembling"  
Classification 3372(4), "Galvanizing or Tinning"  
Classification 8601(3), "Geophysical Exploration"  
Classification 8215(1), "Hay, Grain or Feed Dealers"  
Classification 8804(1), "Alcoholic and Drug Recovery Homes"  
Classification 8839, "Dentists and Dental Surgeons"  
Classification 8852, "Home Infusion Therapists"  
Classification 8834, "Physicians"  
Classification 9070(3), "Residential Care Facilities for Adults–N.O.C."  
Classification 9070(1), "Residential Care Facilities for the Elderly–N.O.C."  
Classification 8804(2), "Social Rehabilitation Facilities for Adults"  
Classification 3146(2), "Heat Treating"  
Classification 5059, "Iron or Steel Erection"  
Classification 3030, "Iron or Steel Works"  
Classification 3040, "Iron Works"  
Classification 0251, "Irrigation, Drainage or Reclamation Works Operation"  
Classification 2710(2), "Log Chipping"  
Classification 8800, "Mailing or Addressing Companies"

Classification 1124, "Mining–Surface Employees of underground mining"  
 Classification 2797(1), "Mobile Home Mfg."  
 Classification 9501(3), "Painting–automobile or automobile truck bodies"  
 Classification 9501(1), "Painting–shop only"  
 Classification 8601(2), "Oil or Gas Geologists or Scouts"  
 Classification 6206(1), "Oil or Gas Wells–cementing"  
 Classification 6206(4), "Oil or Gas Wells–gravel packing"  
 Classification 6237(1), "Oil or Gas Wells–wireline service companies"  
 Classification 8204(2), "Pipe Reclaiming"  
 Classification 8111(1), "Plumbers' Supplies Dealers"  
 Classification 4351, "Photo Engraving"  
 Classification 4361(2), "Photofinishing"  
 Classification 4297, "Phototypesetting"  
 Classification 2797(3), "Recreational Vehicle Mfg."  
 Classification 9079(1), "Restaurants or Taverns"  
 Classification 8847, "Beverage Container Collection or Redemption"  
 Classification 8265(2), "Junk Dealers"  
 Classification 9507(2), "Sign Mfg."  
 Classification 9507(1), "Sign Painting or Lettering"  
 Classification 8046, "Stores–automobile accessories"  
 Classification 8021, "Stores–meat, fish or poultry – wholesale"  
 Classification 9522(1), "Upholstering"  
 Classification 7607, "Video Post Production"  
 Classification 0400(2), "Warehouses–cotton"  
 Classification 8215(2), "Warehouses–grain or bean"  
 Classification 3365, "Welding or Cutting–N.O.C."  
 Classification 2586(2), "Yarn or Thread Dyeing or Finishing"

36. The following standard classifications be amended to specifically include receptionists or counterpersons pursuant to a recommendation from the California Department of Insurance and in order to promote accurate and consistent classification assignments. These amendments are not intended to revise the classifications, but are included to reflect the historical application of the classifications.

Classification 9053(1), "Baths–N.O.C.–all employees—including restaurant employees"  
 Classification 9092(2), "Billiard Halls–all employees—including restaurant or tavern employees"

Classification 9092(1), “Bowling Centers—with or without billiard halls—all employees—including restaurant or tavern employees”

Classification 8232(2), “Building Material Dealers—commercial—no secondhand materials”

Classification 9053(4), “Clubs—swimming—all employees—including restaurant or tavern employees”

Classification 9053(5), “Clubs—tennis or racquetball—all employees—including restaurant or tavern employees”

Classification 9059, “Day Care Centers—child—not residential care facilities—all employees”

Classification 9053(2), “Exercise or Health Institutes—all employees—including restaurant employees”

Classification 8232(3), “Fuel and Material Dealers—N.O.C.—no secondhand building materials or lumber”

Classification 9620, “Funeral Directors—all employees”

Classification 8232(1), “Lumberyards—commercial—no secondhand materials”

Classification 4299(2), “Bookbinding Operation—all other employees—including miscellaneous employees”

Classification 4361(2), “Photofinishing—all employees”

Classification 4361(1), “Photographers—all employees”

Classification 4299(1), “Printing Operation—all other employees—including miscellaneous employees—N.O.C.”

Classification 9507(2), “Sign Mfg.—quick sign shops—including outside operations”

Classification 9507(1), “Sign Painting or Lettering—shop and outside”

Classification 9092(3), “Skating Centers—ice or roller—all employees—including restaurant or tavern employees”

Classification 9053(3), “Swimming Pools—commercial—all employees—including restaurant employees”

37. Classification 9181, “Athletic Teams or Parks—all players on salary list of insured, whether regularly played or not—including umpires,” be amended to increase the annual maximum payroll limitation for players from \$76,700 to \$79,300 to reflect wage inflation that has occurred since the maximum yearly payroll limitation previously was amended January 1, 2002.
38. Classification 8078(2), “Beverage Preparation Shops—not bars or taverns,” be added to establish a unique classification for this type of firm engaged in food preparation activities. These operations were previously assigned to store classifications.

39. Classification 9048(2), “Boy and Girl Scout Councils—all camp operations—including Clerical Office Employees at camp locations,” be amended to add a footnote specifying that this classification applies to camps that provide supervised recreational or educational activities and guidance or counseling services, with overnight facilities for camp participants. This amendment reflects the historical application of this classification.
40. Classification 9048(1), “Camps—recreational or educational—all operations—including Clerical Office Employees at camp locations,” be amended to add a footnote specifying that this classification applies to camps that provide supervised recreational or educational activities and guidance or counseling services, with overnight facilities for camp participants. This amendment reflects the historical application of this classification.
41. Classification 8868, “Colleges or Schools—Private—not automobile schools—professors, teachers or professional employees,” be amended to better clarify the intent of this classification.
42. Classification 9101, “Colleges or Schools—Private—not automobile schools—all employees other than professors, teachers or professional employees—including cafeterias,” be amended to better clarify the intent of this classification.
43. Classification 8827, “Construction or Erection Permanent Yards—for maintenance of equipment or storage of material,” be amended to clarify that this classification may be assigned only in connection with the construction or erection classifications listed in new Appendix II, “Construction and Erection Classifications,” and that this classification is not available for division of payroll when the specific construction or erection classification includes storage, shop or yard activities. This amendment reflects the historical application of this classification.
44. Classification 5606, “Contractors—construction or erection—executive supervisors—exercising supervision through superintendents and foremen—no direct supervision,” be amended to add a footnote clarifying that this classification may be assigned only in connection with the construction or erection classifications listed in new Appendix II, “Construction and Erection Classifications.” This amendment reflects the historical application of this classification.
45. Classifications 5140/5190, “Electrical Wiring,” be amended to increase the hourly wage threshold from \$23.00 per hour to \$24.00 per hour to reflect wage inflation.
46. Classification 0038(2), “Feed Yards,” be amended to add a footnote clarifying that the incidental growing of feed, hay, or grain crops for the purpose of maintaining the farm animals shall be included in the classification, unless the majority of such crops are sold commercially and not used by the employer. This amendment does not represent a change in historical classification procedure.

47. Classification 0038(1), "Stock Farms," be amended to add a footnote clarifying that the incidental growing of feed, hay, or grain crops for the purpose of maintaining the farm animals shall be included in the classification, unless the majority of such crops are sold commercially and not used by the insured. This amendment does not represent a change in historical classification procedure.
48. Classification 8078(3), "Ice Cream or Frozen Yogurt Shops," be added to establish a unique classification for this type of firm engaged in food preparation activities. These operations were previously assigned to a store classification.
49. Classification 9610, "Motion Pictures—production—in studios and outside—all operations up to the development of negatives," be amended to increase the annual maximum payroll for production directors, players, entertainers or musicians from \$76,700 per year per person to \$79,300 per year per person to reflect wage inflation that has occurred since the maximum yearly payroll previously was amended January 1, 2002.
50. Classification 5474(1)/5482(1), "Painting," be amended to increase the hourly wage threshold from \$19.00 per hour to \$20.00 per hour to reflect wage inflation.
51. Classification 7610, "Radio, Television or Commercial Broadcasting Stations—all employees—including Clerical Office Employees and Salespersons," be amended to increase the annual maximum payroll for players, entertainers or musicians from \$76,700 per year per person to \$79,300 per year per person to reflect wage inflation that has occurred since the maximum yearly payroll previously was amended January 1, 2002.
52. Classification 9079(1), "Restaurants or Taverns—all employees—including musicians and entertainers—N.P.D.," be amended to add footnotes explaining how to assign this classification.
53. Classification 8078(1), "Sandwich Shops—not restaurants—N.O.C.," be added to establish a unique classification for this type of firm engaged in food preparation activities. These operations were previously assigned to store classifications.
54. Classification 8006(3), "Stores—delicatessen—retail," be deleted as operations currently assigned to this classification primarily consist of sandwich shops, take-and-bake pizza shops and specialty grocery stores. Sandwich shops and take-and-bake pizza shops will be assigned to Classification 8078(1), "Sandwich Shops—not restaurants—N.O.C.," which was added elsewhere in this section, and specialty grocery stores are embraced by Classification 8006(1), "Stores—groceries."
55. Classification 7365, "Taxicab Operations—all employees," be amended to increase the minimum annual payroll per taxicab from \$21,800 to \$22,500 to reflect wage inflation that has occurred since the minimum payroll per taxicab previously was amended January 1, 2002.

56. Classification 9156, “Theaters–dance, opera and theater companies–all performers and directors of performers–N.O.C.,” be amended to increase the annual maximum payroll for performers or directors of performers from \$76,700 per year per person to \$79,300 per year per person to reflect wage inflation that has occurred since the maximum yearly payroll previously was amended January 1, 2002.
57. Classification 9151, “Theaters–music ensembles–all performers and directors of performers”, be amended to increase the annual maximum payroll for performers or directors of performers from \$76,700 per year per person to \$79,300 per year per person to reflect wage inflation that has occurred since the maximum yearly payroll previously was amended January 1, 2002.
58. Classification 5474(2)/5482(2), “Waterproofing,” be amended to increase the hourly wage threshold from \$19.00 per hour to \$20.00 per hour to reflect wage inflation.
59. Part 3, “Standard Classification System,” be amended to add Section VIII, “Abbreviated Classifications–Numeric Listing.” The information within Section VIII was moved from Appendix IV of the USRP to Part 3, Section VIII, in order to consolidate all of the information pertaining to classification and test audit under Part 3 of the USRP.
60. Appendix II, “Construction and Erection Classifications,” be added to assist users in identifying the construction-related classifications subject to the special industry classification procedures for that industry, as well as any other rules, phraseologies or footnotes regarding that industry.
61. Appendix III, “Payroll/Remuneration Table,” be added to assist users in identifying whether various types of compensation are considered payroll for statistical reporting purposes.
62. Appendix IV, “Standard Classifications–Numeric Listing,” be deleted as this table was moved to Part 3, Section VIII, “Abbreviated Classifications–Numeric Listing.”

#### **Part 4, “Unit Statistical Report Filings”**

The WCIRB recommends that:

1. Part 4, “Unit Statistical Report Filings,” be amended to change the title to “Unit Statistical Report Filing Requirements,” so as to better describe the intent of Part 4.
2. Part 4, “Unit Statistical Report Filings,” Subpart A, “Standard Reporting Format,” be deleted in its entirety to reflect the change proposed elsewhere in this section that the reporting format currently specified in Subpart B be the only authorized reporting format.

3. The title and introductory paragraphs to Subpart B, “Alternative Reporting Format,” be deleted from Part 4, “Unit Statistical Report Filings,” as there is only one reporting format available.
4. Part 4, “Unit Statistical Report Filings,” Subpart B, “Alternative Reporting Format,” Section I, “General Instructions,” be amended to (1) clarify that on multi-state policies, data pertaining only to California coverage shall be submitted; (2) indicate that insurers must report unit statistical report data in Expanded ASWG format only, for all correction reports filed, and for all unit statistical reports containing data with a required date of valuation, on or after July 1, 2003; (3) delete information regarding exposure, loss and final premium reporting that is more appropriately discussed in later Sections of Part 4 where this information is specifically discussed; (4) include general reporting instructions regarding transmittal letters and electronic and hard copy reporting that were previously located in Part 4, Subpart B, Section VI, “Special Rules”; (5) include a reference to Appendix IV, which contains the unit statistical report and supplemental loss report forms that insurers must use for hard copy reporting; (6) consolidate the dates for valuing and filing first through fifth reports into one location; (7) add a rule specifically addressing reinsurance, using preexisting language from Part 4, Subpart B, Section I, Rule 2; and (8) provide clarity.
5. Part 4, “Unit Statistical Report Filings,” Subpart B, “Alternative Reporting Format,” be amended to add Section II, “Definitions.” The “Definitions” section was moved, with some non-substantive editorial changes, from Subpart B, Section IV, Rule 1, “Reporting Instructions–Loss Information”: (1) since the defined terms are used throughout Part 4, and not just in regard to loss reporting; (2) since this is a regulation, and, as such, its terms should be defined before they are discussed within the regulation; and (3) to comport with the structure of the other Parts of the Plan. Amend also to delete those terms that are relevant only to the expunged “Standard Reporting Format” and “Alternative Reporting Format–Individual Case Report Option,” or that are no longer relevant because of other changes to the USRP, including “Date of Birth,” “Date Claim Reported,” “Defense Expense,” “Dismissal or Take Nothing,” “Hospital Costs,” “Injury and Accident Description Code,” and “Radiation Claim”.
6. Part 4, “Unit Statistical Report Filings,” Subpart B, “Alternative Reporting Format,” new Section II, “Definitions,” be amended to change the term “Date of Accident” to “Accident Date” to comport with the current reporting instructions.
7. Definitions for “Audited Exposure,” “Incurred Indemnity,” “Incurred Medical,” “Indemnity Loss(es),” “Medical Loss(es),” “Open or Open Claim(s),” and “Statistical Code,” be added to Part 4, “Unit Statistical Report Filings,” Subpart B, “Alternative Reporting Format,” new Section II, “Definitions,” in order to clarify the meaning of these terms.
8. A detailed definition of “Final Premium,” with an example, be added to Part 4, “Unit Statistical Report Filings,” Subpart B, “Alternative Reporting Format,” new Section II, “Definitions,” for clarity.



9. A definition of “Loss Adjustment Expense(s),” which subsumes the definitions of “Allocated Loss Adjustment Expense(s)” and “Unallocated Loss Adjustment Expense(s),” be added to Part 4, “Unit Statistical Report Filings,” Subpart B, “Alternative Reporting Format,” new Section II, “Definitions,” for clarity.
10. The definitions for those types of claims discussed in new Section V, “Loss Information,” Subsection C, “Special Loss Reporting Instructions,” including “Cumulative Injury or Cumulative Injury Claim(s),” “Employers’ Liability Claim(s),” “Joint Coverage or Joint Coverage Claim(s),” “Non-Compensable Claim(s),” “Partially Fraudulent Claim(s),” “‘S’ Claim(s),” “Subrogated, Subrogation or Subrogation Claim(s),” be deleted from Part 4, “Unit Statistical Report Filings,” Subpart B, “Alternative Reporting Format,” new Section II, “Definitions,” and add references to where these claims are discussed in the “Special Loss Reporting Instructions” subsection.
11. Part 4, “Unit Statistical Report Filings,” Subpart B, “Alternative Reporting Format,” Section II, “Reporting Instructions–Policy Information,” be amended to (1) renumber Section II to Section III for organizational purposes; (2) change the title of Section II to “Policy Information (Header)” for clarity; (3) list all policy-related fields and note those that are optional or not applicable in California for completeness and to remove ambiguity; (4) remove reporting specifications; (5) delete reference to a “master group policy” in Rule 11, “Certificate Number,” based upon changes proposed to Part 2 of the USRP; (6) change the “7-digit” unit/certificate number reference to “6-digit,” as the WCIRB accepts 6-digit unit/certificate numbers for group policies; and (7) provide overall clarity and organization.
12. Part 4, “Unit Statistical Report Filings,” Subpart B, “Alternative Reporting Format,” Section III, “Reporting Instructions–Exposure and Premium Information,” be amended to (1) renumber Section III to Section IV for organizational purposes; (2) change the title of Section III to “Exposure and Premium Information,” for clarity; (3) list all exposure-related fields and note which are optional or not applicable in California, for completeness and to remove ambiguity; (4) add examples and wording for clarity, and references to avoid duplication; (5) include information on how to report non-payroll basis of exposure on electronic submissions; (6) amend the reporting requirements for the “Classification Code” field to clarify that “Statistical Codes” need not be reported in California; and (7) provide overall clarity and organization.
13. Part 4, “Unit Statistical Report Filings,” Subpart B, “Alternative Reporting Format,” Section IV, “Reporting Instructions–Loss Information,” be amended to (1) renumber Section IV to Section V for organizational purposes; (2) change the title of Section IV to “Loss Information”; and (3) delete Rule 1, “Definitions,” in its entirety as it was moved to Part 4, new Section II, “Definitions.”
14. Part 4, “Unit Statistical Report Filings,” Subpart B, “Alternative Reporting Format,” Section IV, “Reporting Instructions–Loss Information,” Rule 2, “General Reporting Instructions,” be amended to (1) renumber Rule 2 to Subsection A; (2) change the title of Rule 2 to “General Loss Reporting Instructions”; (3) add: (i) Rule 1 to indicate,

using existing provisions, how to report losses, (ii) Rule 2 to indicate, by reference, how to determine the valuation date of losses, (iii) Rule 3 to indicate when an insurer can report a claim on a grouped or individual basis (moved from Part 4B, Section IV, Rule 2(b)), and (iv) Rule 4 to indicate the claims for which supplemental claim information is required (moved from Part 4B, Section IV, Rule 4); (4) include footnote references in Rules 3 and 4 to new Appendix V, a table outlining the loss fields that must be reported for particular injury types and types of claims; (5) add the title Subsection B, “Loss Data Elements”; (6) add examples and wording for clarity, and references to avoid duplication; (7) list all loss-related fields and note those that are optional or not applicable in California for completeness and to remove ambiguity; (8) remove reporting specifications and duplicative text; (9) add the supplemental claim information reporting fields: “Weekly Wage,” “Scheduled Indemnity–Percentage of Disability,” “Vocational Rehabilitation Incurred,” and “Total Gross Incurred,” which were originally located in Part 4B, Section IV, Rule 4(c); and (10) edit and reorganize for clarity.

15. Part 4, “Unit Statistical Report Filings,” Subpart B, “Alternative Reporting Format,” Section IV, “Reporting Instructions–Loss Information,” Rule 3, “Special Claim Reporting Instructions,” be amended to (1) renumber Rule 3 to Subsection C; (2) change the title of Rule 3 to “Special Loss Reporting Instructions”; and (3) provide clarity by (i) adding Rule 2, “Partially Fraudulent Claims,” to indicate, using existing provisions, how to define and report partially fraudulent claims, (ii) adding Rule 6, “Employers’ Liability Claims,” to indicate, using existing provisions, how to define and report employers’ liability claims, and (iii) adding Rule 7, “‘S’ Claims,” to indicate, using existing provisions, how to define and report “S” Claims.
16. Part 4, “Unit Statistical Report Filings,” Subpart B, “Alternative Reporting Format,” Section IV, “Reporting Instructions–Loss Information,” Rule 3, “Special Claim Reporting Instructions,” Subrule (a) “Subrogation or Partially Fraudulent Claims,” be amended to (1) renumber Subrule (a) to Rule 1; (2) change the title of Subrule (a) to “Subrogation Claims”; (3) add the definition of a subrogation claim for clarity; and (4) delete information regarding partially fraudulent claims, which has been moved to new Rule 2, for clarity.
17. Part 4, “Unit Statistical Report Filings,” Subpart B, “Alternative Reporting Format,” Section IV, “Reporting Instructions–Loss Information,” Rule 3, “Special Claim Reporting Instructions,” Subrule (b) “Joint Coverage Claims,” be amended to (1) renumber Subrule (b) to Rule 3; (2) add the definition of a joint coverage claim for clarity; and (3) edit for clarity.
18. Part 4, “Unit Statistical Report Filings,” Subpart B, “Alternative Reporting Format,” Section IV, “Reporting Instructions–Loss Information,” Rule 3, “Special Claim Reporting Instructions,” Subrule (c) “Non-Compensable Claims,” be amended to (1) renumber Subrule (c) to Rule 4; and (2) add the definition of a non-compensable claim for clarity.

19. Part 4, “Unit Statistical Report Filings,” Subpart B, “Alternative Reporting Format,” Section IV, “Reporting Instructions–Loss Information,” Rule 3, “Special Claim Reporting Instructions,” Subrule (d) “Cumulative Injury Claims,” be amended to (1) renumber Subrule (d) to Rule 5; (2) add the definition of a cumulative injury claim for clarity; and (3) edit for clarity.
20. Part 4, “Unit Statistical Report Filings,” Subpart B, “Alternative Reporting Format,” Section IV, “Reporting Instructions–Loss Information,” Rule 4, “Supplemental Claim Information Reporting Instructions” be deleted as information either has been moved to another location or is not relevant to the Expanded ASWG reporting format.
21. Part 4, “Unit Statistical Report Filings,” Subpart B, “Alternative Reporting Format,” Section V, “Revaluation and Revision,” be amended to (1) renumber Section V to Section VI; and (2) change the title of Section V to “Subsequent Reports, Correction Reports, and Reporting Methods.”
22. Part 4, “Unit Statistical Report Filings,” Subpart B, “Alternative Reporting Format,” Section V, “Revaluation and Revision,” Rule 1, “Revaluation of Losses–General Instructions,” be amended to (1) change the title of Rule 1 to “Subsequent Reports” for clarity; (2) delete the numbering and title of Subrule (a) for organizational purposes; (3) delete Subrule (b) because this information was moved to Part 4, Section I; and (4) renumber and edit for clarity.
23. Part 4, “Unit Statistical Report Filings,” Subpart B, “Alternative Reporting Format,” Section V, “Revaluation and Revision,” Rule 2, “Correction or Revision of Losses–General Instructions,” be amended to (1) change the title of Rule 2 to “Correction Reports” for clarity; (2) add Subrule a., “Policy Information (Header) Corrections,” which was moved from Section V, Rule 4(c); (3) add Subrule b., which was moved, with clarifying amendments, including a title change, from Section V, Rule 3; (4) add the numbering and title for Subrule c., “Loss Corrections”; (5) add Subrule c.(1), which was moved, with clarifying amendments, from Section V, Rule 2(b); (6) add information regarding how to report corrections; (7) renumber and edit for clarity; and (8) delete Section V, Rule 2(b), which was moved to new Subrule c.(1).
24. Part 4, “Unit Statistical Report Filings,” Subpart B, “Alternative Reporting Format,” Section V, “Revaluation and Revision,” Rule 3, “Revision of Exposure or Final Premium–General Instructions,” be deleted as this information was moved to Section 5, Rule 2, new Subrule b.
25. Part 4, “Unit Statistical Report Filings,” Subpart B, “Alternative Reporting Format,” Section V, “Revaluation and Revision,” Rule 4, “Reporting Instructions,” be amended to (1) renumber Rule 4 to Rule 3; (2) change the title of Rule 4 to “Reporting Methods” for clarity; (3) delete Subrule (c), which was moved to Section V, Rule 2, new Subrule a.; (4) delete Subrule (d) which is not relevant to reporting in the Expanded ASWG format; and (5) edit for clarity.

26. Part 4, “Unit Statistical Report Filings,” Subpart B, “Alternative Reporting Format,” Section VI, “Special Rules,” be deleted as this section was either moved to more appropriate locations or deleted as irrelevant.
27. Appendix III, containing the hard copy unit statistical reports, be amended to (1) renumber it to Appendix IV; (2) delete forms III-A, III-B, III-C, III-D, and III-G, as these unit statistical and individual case report forms are not applicable to the Expanded ASWG format; and (3) renumber forms III-E and III-F, the hard copy unit statistical report and supplemental loss report forms that insurers shall use for hard copy reporting under the Expanded ASWG format, to IV-A and IV-B.
28. Appendix V, “Required Loss Fields For Particular Injury Types and Types of Claims,” be added, which will assist users in determining the loss fields that must be reported for particular injury types and types of claims.
29. Appendix II, “Injury and Accident Description Codes,” be amended to renumber it to Appendix VI.

#### **Part 5, “General Administrative Procedures”**

The WCIRB recommends that:

1. Part 5, “General Administrative Procedures,” Section I, “Reporting of Information,” be deleted and moved to Part 1, “General Provisions,” Section III, “Submission of Information,” so that all administrative sections of the Plan are located in Part 1.
2. Part 5, “General Administrative Procedures,” Section II, “Corrections or Amendments,” be deleted and moved to Part 1, “General Provisions,” Section IV, “Corrections or Amendments,” so that all administrative sections of the Plan are located in Part 1.
3. Part 5, “General Administrative Procedures,” Section III, “Administration of Classification System,” be deleted and moved to Part 3, “Standard Classification System,” Section VI, “Administration of Classification System,” to consolidate all of the information pertaining to classification and test audit under Part 3 of the USRP.
4. Part 5, “General Administrative Procedures,” Section IV, “Inquiries, Complaints and Requests for Action, Reconsideration, and Appeals,” be deleted and moved to Part 1, “General Provisions,” Section V, “Inquiries, Complaints and Requests for Action, Reconsideration and Appeals,” so that all administrative sections of the Plan are located in Part 1.

## **AMEND THE MISCELLANEOUS REGULATIONS FOR THE RECORDING AND REPORTING OF DATA**

The WCIRB recommends that the following amendments to the Miscellaneous Regulations for the Recording and Reporting of Data be approved effective January 1, 2003 with respect to new and renewal policies with anniversary rating dates on or after January 1, 2003.

The WCIRB recommends that:

1. Part 1, "General Provisions," Section I, "Introduction," Rule 1, "Authority," be amended for clarity.
2. Part 1, "General Provisions," Section I, "Introduction," Rule 2, "Effective Date," be amended to facilitate the electronic publication of Plan changes, to show that the effective date of the amended Miscellaneous Regulation for the Recording and Reporting of Data is 12:01 A.M., January 1, 2003, and for clarity.
3. Part 1, "General Provisions," Section II, "General Definitions," be amended for clarity and to include a definition of "Uniform Statistical Reporting Plan" for uniformity.
4. Part 1, "General Provisions," Section III, "Inquiries, Complaints and Requests for Action, Reconsideration and Appeals," be amended for clarity.
5. Part 2, "Workers' Compensation Forms and Coverage," Section I, "Approval by Insurance Commissioner," be amended for clarity.
6. Part 2, "Workers' Compensation Forms and Coverage," Section II, "Conformity with Insurance Code and California Code of Regulations," be amended to include reference to (1) Insurance Code Section 11657 so as to clarify that policies and binders must be written in conformity with this statute; and (2) Sections 2508 and 2509 of Chapter 5, Title 10, California Code of Regulations, regarding dividends for group workers' compensation policies and false and deceptive documents, respectively, so as to make the references in this section of the regulation complete.
7. Part 2, "Workers' Compensation Forms and Coverage," Section III, "Additional Interests," be amended to remove the language referencing the "Group Workers' Compensation Insurance" Rule [Part 3, Section I, of the regulations] as an exception to the "Additional Interests" Rule.
8. Part 2, "Workers' Compensation Forms and Coverage," Section IV, "Other Classes of Insurance," be amended for clarity.
9. Part 2, "Workers' Compensation Forms and Coverage," Section VI, "Excess of Statutory Benefits Prohibited," be amended for clarity.

10. Part 3, “Group Workers’ Compensation Insurance and Excess Insurance,” be amended to change the title of this Part to “Group Workers’ Compensation Insurance.”
11. Part 3, “Group Workers’ Compensation Insurance and Excess Insurance,” Section I, “Procedure for Obtaining Approval of Group Workers’ Compensation Insurance,” be amended (1) to change the title of this section to “General Instructions”; (2) to remove the reference to “a” workers’ compensation policy being issued to a group; (3) to add references to the “Additional Interests” Rule and Insurance Code Section 11656.7 for clarity; and (4) for organizational purposes and overall clarity.
12. Part 3, “Group Workers’ Compensation Insurance and Excess Insurance,” Section I, “Procedure for Obtaining Approval of Group Workers’ Compensation Insurance,” be amended to add the title and section number for Section II, “Procedure for Obtaining Approval of Group Workers’ Compensation Insurance,” and for clarity.
13. The Miscellaneous Regulation for the Record and Reporting of Data be amended to add Part 4, “Excess Insurance.” The rules for excess insurance found in Part 4 were originally in Part 3 and have been moved to Part 4 in their entirety, with some amendments for clarity and organizational purposes.

#### **AMEND THE CALIFORNIA WORKERS' COMPENSATION EXPERIENCE RATING PLAN–1995**

The WCIRB recommends that the following amendments to the California Workers' Compensation Experience Rating Plan–1995 be approved effective January 1, 2003 with respect to new and renewal policies with anniversary rating dates on or after January 1, 2003.

The WCIRB recommends that:

1. Section II, “Definitions,” Rule 5, “Classification,” be amended to be consistent with the proposed amendments to the USRP.
2. Section III, “Eligibility and Experience Period,” Rule 1, “Eligibility Requirements for California Workers’ Compensation Insurance,” be amended to adjust the eligibility requirement from \$26,200 to \$33,600 to reflect the changes in pure premium rates and wage inflation that have occurred since the eligibility requirement was last amended.
3. Section III, “Eligibility and Experience Period,” Rule 3, “Experience to be Used for Rating California Workers’ Compensation Insurance Risks,” be amended to be consistent with the proposed amendments to the USRP.
4. Section VI, “Tabulation of Experience,” Rule 13, “Closed Claims,” be amended to be consistent with the proposed amendments to the USRP.

5. Section VIII, "Inquiries, Complaints and Requests for Action, Reconsideration, and Appeals," be amended to be consistent with the proposed amendments to the USRP.
6. Table II, "Expected Loss Rates and Full Coverage D-Ratios", be amended to reflect the most current information available.
7. Table III, "B and W Values", "Average Death Value", be amended from \$134,400 to \$140,800 to reflect the most current historical data on death claims.

#### **REVIEW AMENDMENTS TO THE UNITED STATES LONGSHORE AND HARBOR WORKERS' COMPENSATION INSURANCE SUPPLEMENT**

The following amendments to the United States Longshore and Harbor Workers' Compensation Insurance Supplement (USL&H) to the California Workers' Compensation Uniform Statistical Reporting Plan-1995 to become effective January 1, 2003, except that the instructions applicable to the reporting of USL&H experience will be applicable to all policies with effective dates on or after January 1, 2002. The amendments to this supplement are being submitted to the Department of Insurance for review.

The USL&H Supplement will be amended to (1) track the organizational, editorial and substantive changes made to the California Workers' Compensation Uniform Statistical Reporting Plan-1995 found in Part B, Section A, of this filing; and (2) provide clear instruction as to the USL&H information and data that must be reported to the WCIRB.